

FY 2007 Export Forecasts for Ag, Fishery & Solid Wood Products

Changes since August...

AgExports are raised \$5 billion to \$77 billion

AgImports are raised \$500 million to record \$69 billion

AgTrade Surplus raised to \$8 billion

*Includes separate summaries for all major product groups except tobacco, planting seeds, and sugar & tropical products.
Includes unofficial forecasts on fishery and solid wood products.

USDA's "Outlook for U.S. Agricultural Trade"

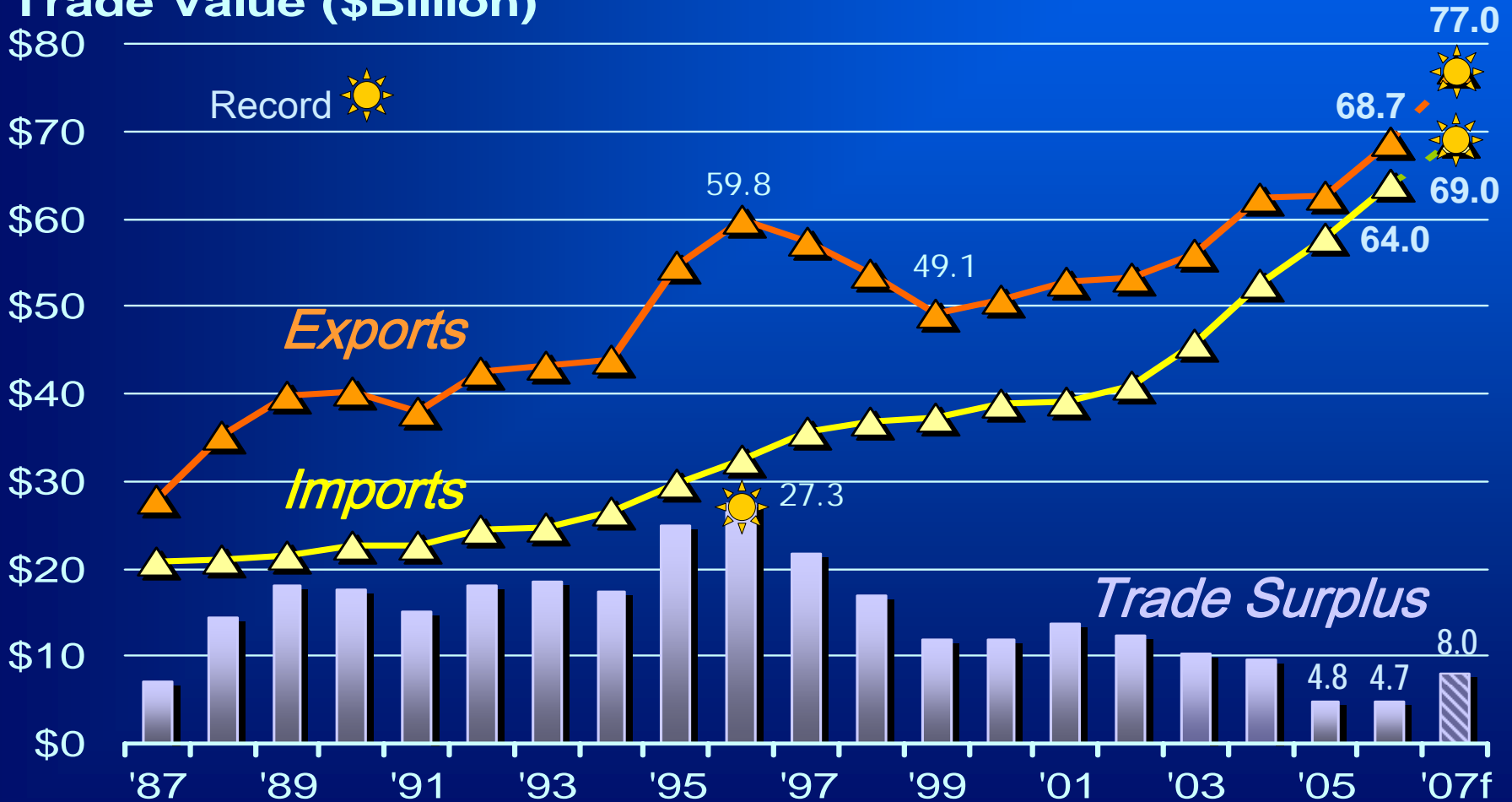
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Prepared by Foreign Agricultural Service/USDA

U.S. Agricultural Trade

Corn, soybeans & horticultural products drive export growth in FY '07 with higher corn prices, higher soybean prices and shipments, and strong demand for horticultural products. Imports up across many groups.

Trade Value (\$Billion)



Commodity/Country Revisions in FY 2007 Exports

Key Commodity Changes since August . . .

	Final FY 2006	FY '07 Aug	FY '07 Nov	Aug/Nov Chg	Key Reasons
Corn (\$Bil)	6.199	6.8	8.9	+2.1	sharply higher prices - tighter supply
Soybeans (\$Bil)	6.382	6.9	7.8	+0.9	(+) price & vol
Livestock Prods (\$Bil)	13.397	13.4	14.2	+0.8	(+) sales of beef, pork, hide & skins
Wheat (\$Bil)	4.320	4.6	4.9	+0.3	(+) price & vol
Soybeans (mmt)	26.616	29.7	31.2	+ 1.5	(+) US crop; (-) SAmer comp.
Wheat (mmt)	25.164	25.0	26.0	+1.0	(-) wld supply. (-) Australian comp

Top 5 Markets, Changes in FY 2007 Forecasts since August . . .

- #1 Canada +\$800 million to \$13.2 billion (corn/soybean meal prices, meats, packaged foods)
- #2 Mexico +\$600 million to \$11.9 billion (feed grain prices, soybeans & meal, meats)
- #3 Japan +\$800 million to \$9.1 billion (corn prices, wheat, soybeans)
- #4 EU-25 +\$600 million to \$7.2 billion (soybeans, feed prices)
- #5 China +\$1 billion to \$8.5 billion (soybeans, cattle hides, meats)

Top Regional Mkt: WHemisphere at \$32.2 billion (Asia 2nd at \$28.3 billion)

Export Outlook for Grain & Feed Products

Revised FY 2007 Forecast:  \$3.1 Billion to \$22.1 Billion

Revisions Since August

Upside Developments

- Corn exports up \$2.1 billion to \$8.9 billion on higher prices caused by continued strong demand and tightening domestic supply
- Sorghum up (higher prices & vol)
- Tighter world supply raises wheat prices & reduced competition from Australia raises U.S. shipments

Downside Developments

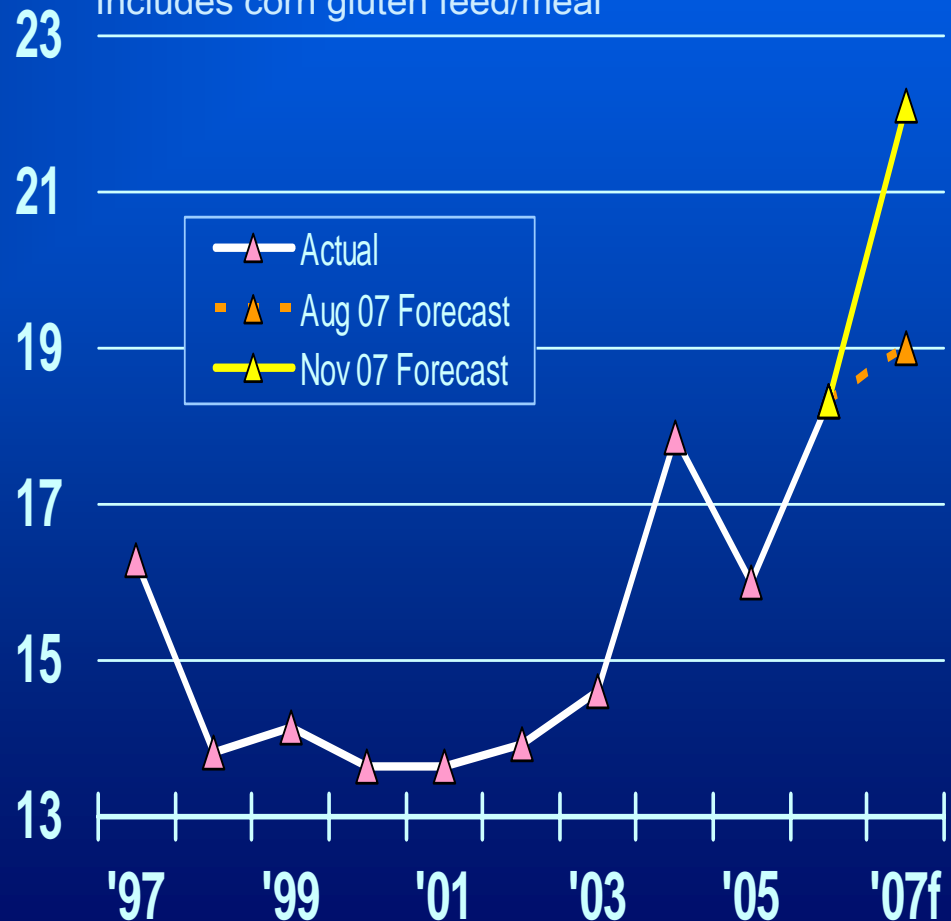
- None

Wild Cards

- Will high prices start choking off feed demand?
- Will competitors be able to increase production quickly?
- Will substitute grains be “found” given high corn prices?

Export Value (\$Bil)

Includes corn gluten feed/meal



Export Outlook for Oilseeds & Products

Revised FY 2007 Forecast:  \$1.3 Billion to \$12.4 Billion

Revisions Since August

Upside Developments

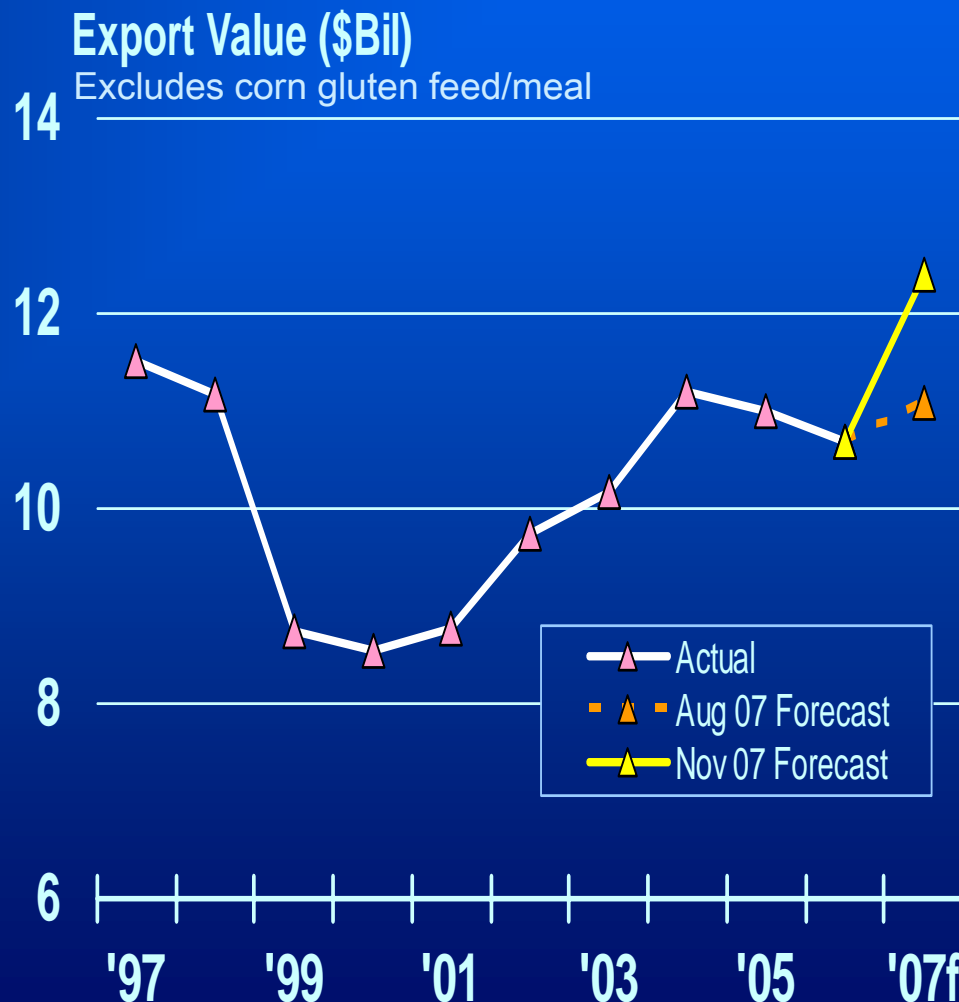
- Higher export vols & unit values expected for soybean, meal & oil
- Record U.S. soybean crop and limited growth in S. American crop
- Higher prices & strong growth in world demand for soy meal and oil

Downside Developments

- Export growth limited to soybean complex

Wild Cards

- S. American soybean production
- China's soybean demand



Export Outlook for Cotton

Revised FY 2007 Forecast:  \$100 Million to \$5.0 Billion

Revisions Since August

Upside Developments

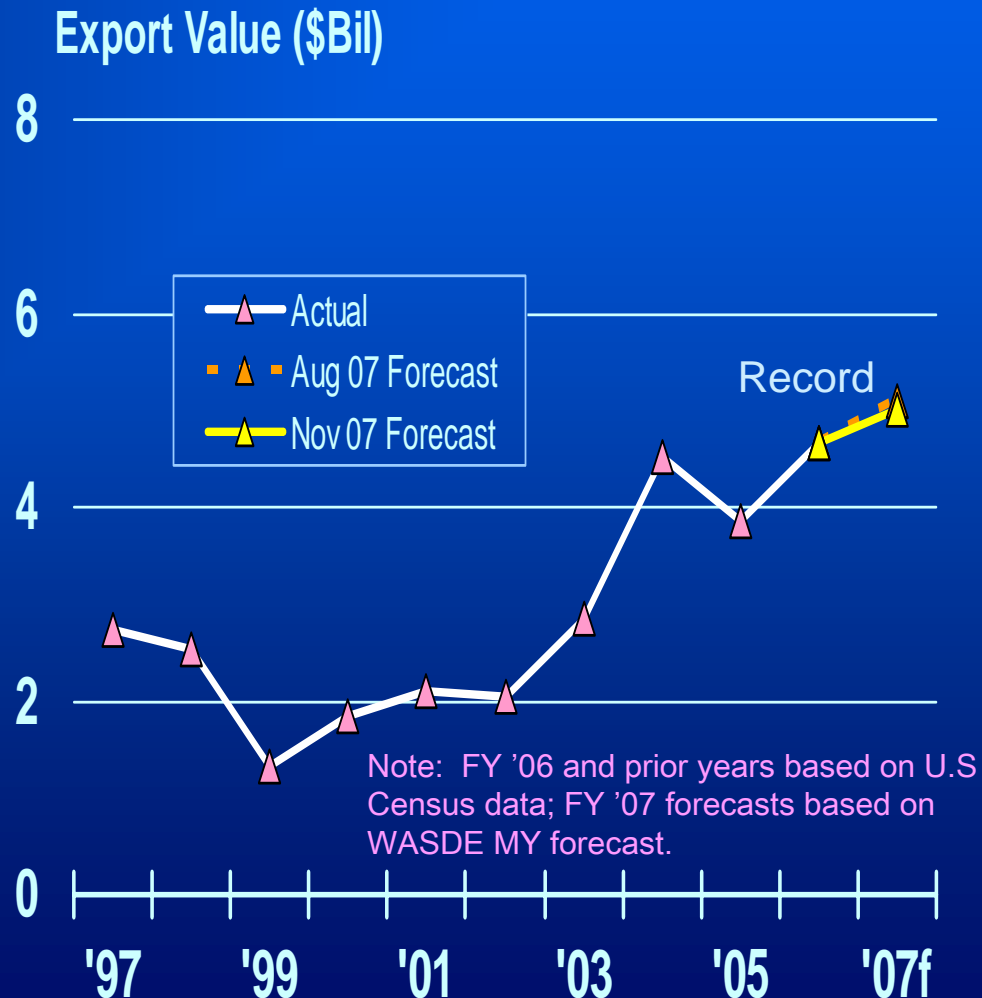
- Continued strong economic growth in China and strong global demand for textiles
- Increased import demand in Pakistan

Downside Developments

- Larger crops in China, India, and the United States lower price expectations

Wild Cards

- China TRQ situation



Export Outlook for Dairy, Livestock & Poultry

Revised FY 2007 Forecast:  \$800 Million to \$14.2 Billion

Revisions Since August

Upside Developments

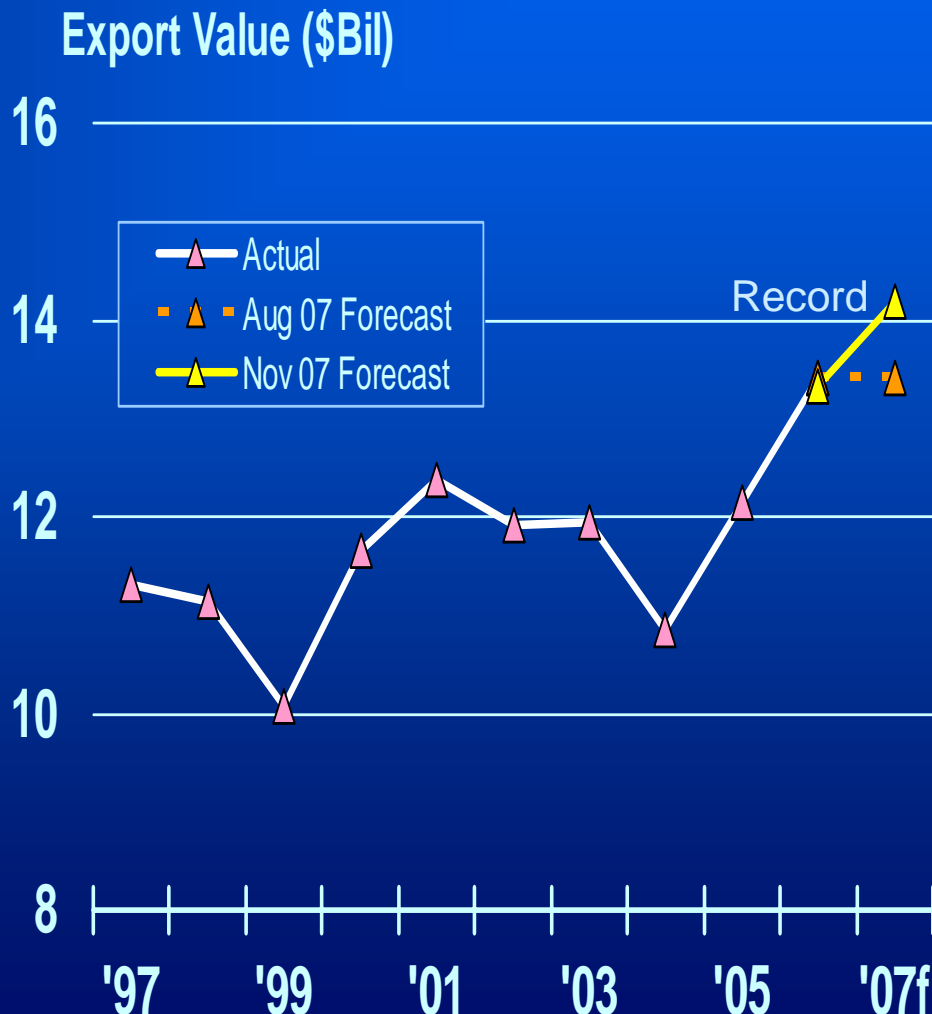
- Beef exports up \$214 million (+13%) on higher unit values and volume to Mexico, Canada & some Asian markets
- Pork exports increased \$251 mil. (11%) due to higher unit values
- Hide, skin & fur exports raised \$228 million due to strong demand and projected slaughter increase

Downside Developments

- While Japan & Korea markets are open to US beef, sales are constrained by uncertainty, high prices, and limited supply of younger cattle

Wild Cards

- Impact of drought on Australia's cattle and beef exports



Export Outlook for Horticultural Products

Revised FY 2007 Forecast: **Unchanged at \$18.4 Billion**

Revisions Since August

Upside Developments

- Florida grapefruit escape hurricane damage and the crop is 35% larger
- Fruit juices forecast to reach \$1 billion due to higher prices

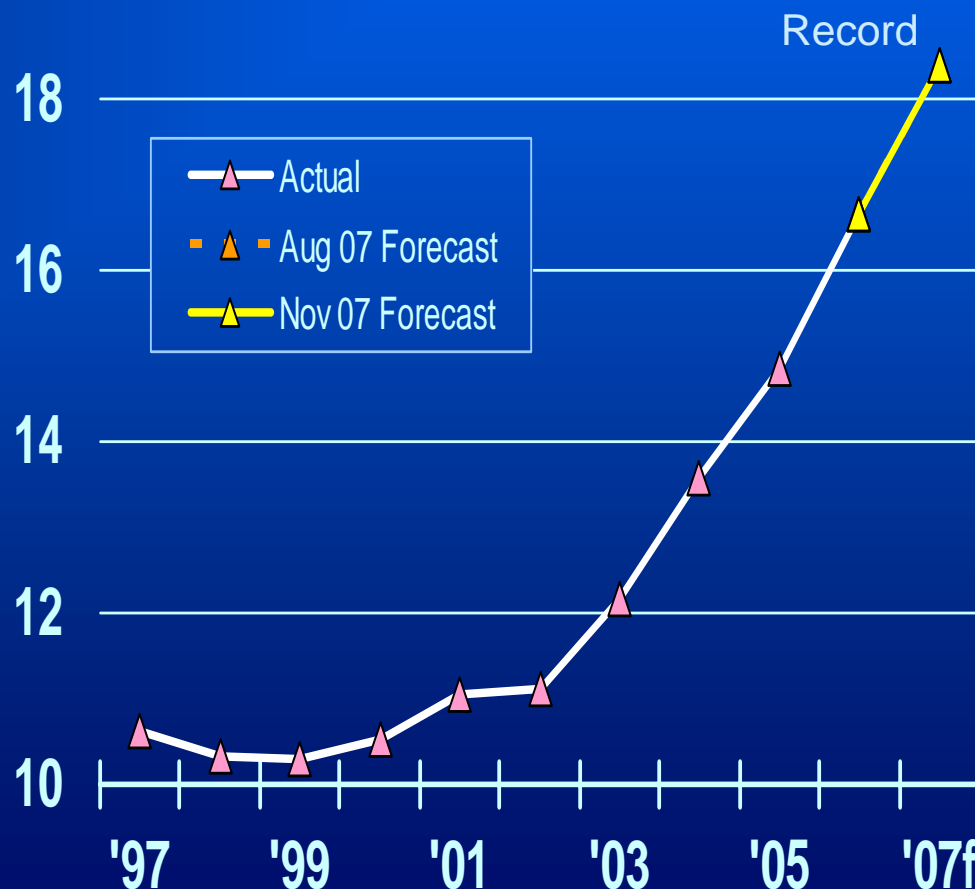
Downside Developments

- 4th Qtr. 2006 tree nuts sales weaker; estimated 2007 prices lowered slightly but still high
- 27% drop in Calif navel orange production – weather related

Wild Cards

- Weather and pest impacts on U.S. crop size

Export Value (\$Bil)



Export Outlook for Fishery Products

Revised FY 2007 Forecast: Unchanged at \$4.2 Billion

Revisions Since August

Upside Developments

- Exports to the EU were up sharply over the past 3 years, largely due to volume gains – trend expected to continue
- Exports to China also up sharply over the past 3 years due to volume gains – trend expected to continue

Downside Developments

- The 2006 Alaska pink salmon harvest is only half as large as 2005
- The allowable 2007 Alaska pollock harvest will be down 15% in 2007

Wild Cards

- Size of U.S. harvests of lobster, salmon, and other species



Export Outlook for Solid Wood Products

Revised FY 2007 Forecast:  \$200 Million to \$6.4 Billion

Revisions Since August

Upside Developments

- Canada's construction industry consumes more U.S. panel products
- Mexico's maquiladora sector to continue demand for hardwood and softwood lumber

Downside Developments

- Softwood exports to Japan losing market share to China and Malaysia

Wild Cards

- Impact of slowing US housing mkt

